

PENSACOLA STATE COLLEGE
MANUAL OF PROCEDURES

Procedure Title:	Accounting	<u>Number</u> 501
Related Policy:	Accounting – 6Hx20-5.001	<u>Page</u> Page 1 of 3

I. Purpose

To establish the Basic Accounting System, and the Basic Coding System from the Accounting Manual for Florida's College System in use at Pensacola State College.

II. Procedure

A. Fund Accounting

1. The College utilizes fund accounting, which is a system by which resources are allocated to and accounted for as a separate entity (fund) according to the purpose for which resources may be used in accordance with limitations, regulations, or restrictions imposed by sources outside the institution or the governing board. A fund is an accounting entity with a self-balancing set of accounts consisting of assets, liabilities, fund balance, and changes in the fund balance.
2. For reporting purposes, funds of similar characteristics are combined into fund groups. The College utilizes the following fund groups:
 - a.

<u>Current Funds</u>	<u>Non-Current Funds</u>
Unrestricted Funds	Loan and Endowment Funds
Restricted Funds	Plant Funds
Auxiliary Funds	
Scholarship Funds	
Agency Funds	

B. Accounting System

The College is responsible for establishing an accounting system that:

1. Provides for the uniform coding system of organizational units and the uniform general ledger classification.
2. Has a general ledger and subsidiary ledger system that provides for the summarization of accounting transactions and identification of source documentation.
3. Records transactions in accordance with generally accepted accounting principles.
4. Provides reasonable assurance that transactions are executed as authorized; that transactions are recorded as necessary to permit financial statement preparation

and to maintain accountability for assets; that access to assets is appropriately authorized; and that recorded accountability for assets is compared with existing assets at reasonable intervals, with differences being appropriately acted on.

5. Provides meaningful and timely reports to allow management to make decisions.
6. Provides for budgetary controls over resources and expenditures, including comparison with budget estimates and analysis of significant variations.
7. Provides a record retention system in accordance with legal or donor requirements.
8. Provides for the accurate submission of data for Unrestricted Current funds expenditures (yearend) by cost center or function.

C. Reporting

1. The accounting system should be designed to facilitate timely and meaningful reporting as required by donors, legal regulations, and the Accounting Manual for the Florida College System (Accounting Manual).

D. Basic Coding System

1. The account codes have been designed to accumulate financial data according to several different classifications, i.e., by fund, functions, organizational unit, source of income, type of expenditure, etc.
2. The coding system is the minimum required for a uniform system. It consists of thirteen basic digits (an eight-digit organizational unit and a five-digit general ledger classification).
3. Coding System Breakdown:

ORGANIZATIONAL UNIT (XXXXXXX) (XXXXX) GENERAL LEDGER CLASS

Organizational Unit								Gen Ledger				
1	2	3	4	5	6	7	8	9	10	11	12	13

a. Organizational Unit

- 1) Fund
- 2) Function
- 3) Sub-Function
- 4) Specific Unit
- 5) Variable ID

x												
	x											
		x										
			x	x	x							
						x	x					

b. General Ledger Classification

- 1) General Ledger Class
- 2) Object Code
- 3) Specific Code

								x				
									x	x		
											x	x

4. The two groups are subdivided into eight identifiable categories as shown above. The first digit of the Organizational Unit designates the Fund, the

second digit designates the Function, the third digit designates the Sub-Function, the fourth through sixth digits designate the Specific Unit, and the seventh and eighth digits are reserved for a Variable ID code. The Variable ID code is included for expansion in the event that future reporting requires information classified by some criteria other than those currently identified.

5. The first digit of the General Ledger Classification designates the account class (i.e., balance sheet, revenue, personnel expense, current expense, capital outlay). The second digit designates the object code. The object code further identifies the revenue or expense to a general type within the classification in the third digit. The fourth and fifth digits designate the lowest level of detail required for any revenue or expenditure.
6. The College maintains its financial records in accordance with the Accounting Manual. The College's system of record, Workday, uses English names for cost centers, but the codes as defined in the accounting manual are attached to each cost center. This allows user-friendliness while complying with system requirements. Details of the accounting structures can be found therein.

Responsible Official: Vice President, Business Affairs
President's Signature:  Date: 10/14/2025